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# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil Gas and Mining

JOHN R. BAZA  
Division Director

July 22, 2008

Terry Fletcher  
Rio Algom Mining  
P. O. Box 218  
Grants, New Mexico 87020

Subject: Proposed Exploration Drilling within LTSM Boundary, Rio Algom Mining, Lisbon Mine, M0370001, Task 2473, San Juan County, Utah

Dear Mr. Fletcher:

On June 19, 2008, the Division of Oil, Gas and Mining received a proposal from Vane Minerals (US) LLC to drill between seven and nine exploration holes within the Long-Term Surveillance and Maintenance (LTSM) boundary that has been established for the Lisbon Mine. We, along with the Bureau of Land Management and the Division of Radiation Control (DRC) are concerned that drilling in this area could affect conditions of the current ACL, approved by the Nuclear Regulatory Commission. Since the Vane Minerals drilling could ultimately delay completion approval by DRC regarding transfer of the facility to DOE, without additional review by Rio Algom, we are seeking your input regarding these drilling activities.

If Vane Minerals were allowed to drill within the LTSM boundary, it would likely be under the condition that they install a short string casing before drilling the full depth for exploration. The casing would extend into the Brushy Basin shale, and it would then be sealed to a reasonable elevation above the Brushy Basin shale. Deep drilling could then be completed through the sealed casing. The operator would be required to keep and submit logs, and the full hole would be reclaimed using bentonite or a bentonite grout pumped through the drill stem from the bottom up.

The Division would appreciate your comments about the proposal to drill within the LTSM with these stipulations. Please provide comments within 30 calendar days of receipt of this letter.



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If you need further information, please contact Paul Baker at 801-538-5261. Thank you for your cooperation.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dana Dean', with a large, stylized loop at the end.

Dana Dean, P.E.  
Associate Director of Mining

SMW:PBB: eb

cc:

Tom Rushing, DRC

Kris Hefton, Vane

Rebecca Doolittle, Moab BLM

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